

Embrace Limited
(formerly Berlin Acquisition 2 Limited)
Annual report and financial statements
Registered number 08977236
For the 3 month period from incorporation
on 3 April 2014 to 30 June 2014

MONDAY



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29/12/2014
COMPANIES HOUSE

Directors and Advisors

Directors

Ted Smith
Stephen Seymour
Joshua Swatland
Patricia Lee
David Manson

Company Number

08977236

Registered Office

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ

Auditors

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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Directors' report

The directors present their first annual report and financial statements for the 3 month period from incorporation on 3 April 2014 to 30 June 2014.

Incorporation

The Company was incorporated on 3 April 2014

Change of Name

On 29 April 2014, the company changed its name from Berlin Acquisition 2 Limited to Embrace Limited

Principal activities and review of the business

The principal activity of the company was that of a holding company.

Results and dividends

The results for the period are set out on page 5.

The directors do not recommend payment of an ordinary dividend for the period.

Directors

The following directors have held office during the period:

Stephen Seymour	(appointed 3 April 2014)
Joshua Swatland	(appointed 3 April 2014)
Patricia Lee	(appointed 16 May 2014)
David Manson	(appointed 16 May 2014)
Ted Smith	(appointed 16 May 2014)

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

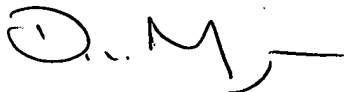
KPMG were appointed first auditors of the Company. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements in note 1.

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

By order of the board



David Manson
Director

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ

18 December 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- make judgments 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 company will continue in business.

The directors are responsible for keeping proper 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Embrace Limited (formerly Berlin Acquisition 2 Limited)

We have audited the financial statements of Embrace Limited for the period from incorporation on 3 April 2014 to 30 June 2014 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members, 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 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). Those standards require us to comply with the Auditing Practices Board's (APB'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

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 30 June 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Embrace Limited (*continued*)

Matters on which we are required to report by exception

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

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



**Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

18 December 2014

*Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom*

Profit and loss account
for the period ended 30 June 2014

	<i>Note</i>	Period to 30 June 2014 £'000
Administrative expenses		-
Operating profit		-
Interest receivable and similar income	3	1,346
Interest payable and similar charges	4	(1,352)
Loss on ordinary activities before taxation	2	(6)
Taxation on loss on ordinary activities	5	-
Loss for the financial period	11	(6)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses during the period apart from the loss for the financial period shown above.

Balance Sheet
at 30 June 2014

	<i>Note</i>	30 June 2014	
		£'000	£'000
Fixed Assets			
Investments	6		-
Current assets			
Debtors	7	85,250	
Creditors: amounts falling due within one year	8	(1,842)	
		<hr/>	
Net current assets			83,408
			<hr/>
Total assets less current liabilities			83,408
Creditors: amounts falling due after one year	9		(83,414)
			<hr/>
Net liabilities			(6)
			<hr/> <hr/>
Capital and reserves			
Called up share capital	10		-
Profit and loss account	11		(6)
			<hr/>
Shareholders' deficit	12		(6)
			<hr/> <hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the board of directors on 18 December 2014 and were signed on its behalf by:



David Manson
Director

Company registered number: 08977236

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of accounting

The financial statements are prepared under the historical cost convention, with the exception of freehold land and buildings, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Under FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The Company has generated a loss after tax in the period to 30 June 2014 of £6,000 and has net liabilities of £6,000 and is therefore reliant on other Group companies for support. Therefore to assess the company's ability to continue as a going concern, the directors have considered the financial position and performance of both the company and the largest group of which the company is a member and for which consolidated financial statements are prepared. As at 30 June 2014, Embrace Group Limited was the largest such group.

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2014, the Group had a further £10 million facility available to be drawn if required.

Consolidation

In accordance with Section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Embrace Group Limited, a company incorporated in England & Wales, which has prepared consolidated financial statements to include the results of the company.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Loss on ordinary activities before taxation

Period to
30 June
2014
£'000

Loss on ordinary activities before taxation is stated after charging:

Fees payable to the company's auditor:

Audit of these financial statements

-
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Audit fees for the period ended 30 June 2014 have been paid by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

Notes (continued)

3 Interest receivable and similar income

	Period to 30 June 2014 £'000
Intercompany interest	1,346

4 Interest payable and similar charges

	Period to 30 June 2014 £'000
On bank loans and overdrafts	1,352

5 Taxation

On the basis of these financial statements, no provision has been made for corporation tax.

6 Fixed asset investments

	Shares in subsidiary undertakings £'000
<i>Cost and net value</i> At 30 June 2014	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class of shares held	% of shares held
Embrace Care Limited (formerly Berlin Acquisition 3 Limited)	England and Wales	Ordinary	100.00
Embrace Support Limited (formerly Berlin Acquisition 4 Limited)	England and Wales	Ordinary	100.00
Embrace Progression Limited	England and Wales	Ordinary	100.00
European Lifestyles Group Limited	England and Wales	Ordinary	100.00
Esquire Realty Group Limited	Guernsey	Ordinary	100.00
Embrace All Limited (formerly European Care (GB) Limited)	England and Wales	Ordinary	100.00
HCP Stonelea Limited	England and Wales	Ordinary	100.00
Healthcare Properties (Oxford) Limited	England and Wales	Ordinary	100.00
Healthcare Properties LDK Limited	Guernsey	Ordinary	100.00
Esquire Realty Properties UK Limited (formerly Healthcare Properties (UK) Limited)	Guernsey	Ordinary	100.00

Notes (continued)

7 Debtors

	30 June 2014 £'000
Amounts owed by parent and fellow subsidiary undertakings	85,250

8 Creditors: amounts falling due within one year

	30 June 2014 £'000
Amounts owed to parent and fellow subsidiary undertakings	490
Accruals and deferred income	1,352
	1,842

9 Creditors: amounts falling due after one year

	30 June 2014 £'000
Loan notes	55,391
Term loan	28,023
	83,414

10 Called up share capital

	30 June 2014 £
<i>Allotted, called up and fully paid</i>	
1 ordinary share of £1 each	1

11 Profit and loss account

	£'000
On incorporation	-
Loss for the period	(6)
	(6)
At 30 June 2014	(6)

Notes (continued)

12 Reconciliation of movements in shareholders' deficit

	Period to 30 June 2014 £'000
Loss for the financial period	(6)
On incorporation	-
	-
Closing shareholders' deficit	(6)

13 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

14 Related party disclosures

Värde Partners issued loan notes to the company of £27,391,000 on 16 April 2014. On the same date, D. E. Shaw & Co also issued loan notes to the company of £27,391,000.

Värde Partners and D. E. Shaw & Co entered into a term loan agreement of £38,000,000 on 16 April 2014, of which £10,000,000 remains undrawn.

The Directors of the company have issued loan notes to the company for the following amounts: Ted Smith £219,393, Patricia Lee £168,764, David Manson £161,815.

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirements to make disclosure of transactions with entities that are part of the group on the grounds that the voting rights in the company are 100% controlled within the group headed by Embrace Group Limited and the company is included in the consolidated financial statements.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Embrace Group Limited (formerly Berlin Acquisition Limited), a company registered in England and Wales, as the immediate and ultimate parent company of Embrace Limited. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D. E. Shaw & and therefore the directors consider there to be no ultimate controlling party of the group.

16 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.